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THE NEW DEAL: PROMISE AND PERFORMANCE

In his radio fireside chats and addresses on public occasions and in his messages to Congress, President Roosevelt makes or implies promises: the New Deal will cure specific economic ills and it will thereby bring "recovery," "reorganize a disintegrating system." It was on the basis of the earlier promises that the Federal Council of Churches put its approval, with reservations, on the enterprise. How has it worked out?

UNEMPLOYMENT

The Promise. There would soon be jobs for the idle. The President said in his inaugural, "Our greatest primary task is to put people to work." Of the NIRA he said that it was passed "*to put people back to work*" (his italics). This was to happen at once. Thousands were to be back at work "by snowfall." This part of the New Deal job was to have "the right of way." A million new jobs were to be given by October 1st through the proposed public works program, part of which was to "start tomorrow"; millions "this summer" would be hired by employers. In the meantime, "We are not going to let anyone starve this winter"; "We are not going through another winter like the last." Then, last September the declaration was made in a radio broadcast, "... I stand or fall by my refusal to accept as a necessary condition of our future a permanent army of unemployed."

The Plans. One plan has followed another. When one fails a new one is substituted. Public works, the CCC, the blanket agreement, the code provisions, were relied on to get men back into industry or into new construction; for the rest there were relief, work relief, made work by means of the CWA, mattress factories, subsistence homesteads. All of these failed or were too slow. So announcement was made last spring that the government was doing its part. Now industry must take responsibility—it "can and must help take up the slack." But industry couldn't do it. Orders were not in sight. So that plan forgotten, another is devised—a \$4,000,000,000 work relief program. The "unemployables" are to be turned back to local charity—"The Federal government must quit this business of relief." The President thinks that there are a million and a half unemployables and 3,500,000 who can be taken off relief and put to work. No one knows where these figures come from, just as nobody knew last year the basis of the estimate during the short-lived CWA that "40% of those seeking work have found it," or of the report to the 73rd Congress that "several millions" had been restored to work.

The Facts. The U. S. Commissioner of Labor Statistics says that this November "unemployment stood where it did in the summer of 1931." The A. F. of L. figures show half a million more unemployed in October 1934 than in October a year ago; 429,000 more this November than last. Moreover, there are two factors that have not been considered that work against all the new employment plans: (1) Every year the net increase in population brings about three-quarters of a million new persons into the labor market. (2) New inventions and methods rapidly decrease the number of workers needed for the same volume of output. In 1919, for example, the cigarette industry employed 24,474 wage earners in its production of 53,000,000,000 cigarettes; in 1931 it employed only 20,146 workers in the production of 117,000,000,000 cigarettes. This was an increase of 120% in production; a decrease of 18% in number of workers. In the rubber tire industry the index of output of tires per man hour (taking 1914 as 100) was 279 in 1922 and it went up steadily until it was 547 in 1931.



LABOR

Great Hopes. (1) On signing the NIRA the President said that the workers were now to have living wages, "and by *living* wages I mean more than a bare subsistence level—I mean the wages of *decent* living," (his italics). Industrial codes were to be the instruments. The plan called for "reducing work hours of each man's week and at the same time paying a living wage for the shorter week." The Chamber of Commerce was told that "as a matter of national justice" the wage scale must be brought back to a fairer relation to the cost of living; and that the process "should begin now and not later." (2) Labor's right to organize was guaranteed in Section 7A described by the President as "labor's new charter of rights." In a later address the code authorities were told, "The law has provided for free choice of their own representatives by employees. Those two words 'free choice' mean just what they say."

Facts. (1) The codes tended to fix minimum wages somewhere around \$12. The minimum often becomes the maximum. The President has pointed to the cotton textile code as an achievement under the NRA. But the U. S. Bureau of Labor Statistics has just released a report on wages in the cotton textile industry. It shows that even the code minimum wages have not been received. In August 1934 even workers in one of the skilled categories in average northern mills were earning but \$9.65 a week. And there is the relation of work relief to industrial wages. It is a vicious circle: work relief wages are deliberately kept low so as not to compete with wages paid by industry; then they pull industrial wages downward. This competition was a factor in bringing the CWA to an end; then in the reduction of work-relief wages from 40c to 30c an hour; then in abrogating the 30c minimum. In his recent message to Congress the President laid down the principle that the new work-relief wages should be more than the present "relief dole" but less than industrial wages. Now the \$4,000,000,000 work relief program calls for an average of about \$12 a week.

(2) Section 7A has been almost completely nullified. A recent example: Last spring when the steel workers were about to strike the President pledged that he would provide for Section 7A elections in every unit of the industry; and William Green of the A. F. of L., in a quasi-official role, talked the workers out of striking. In the meantime, the Steel Labor Relations Board was created. This winter when a strike again threatened the President denied all the points of the truce. Only when the workers refused a new truce did the Steel Board order the steel corporation to hold elections. But it has its own company union and it has taken the matter into the courts.

PURCHASING POWER

The Declaration. At first there was much talk about increasing purchasing power. In the NRA address there was reference to that "richest market" which could be opened up by paying decent wages. Management was specifically asked to try to meet rising costs "by greatly increased sales to be expected from the rising purchasing power of the public. That is good economics and good business." Also there was the proposal to limit the accumulation at the top: at one time the President referred to the "swing of the pendulum away from concentration to wider distribution of wealth and property" and he suggested steps to eliminate special privilege. At another he indicated that "never again" would there be permitted such a "maldistribution of wealth and of power."

What Has Happened. From October 1933 to October 1934, the real weekly wages of industrial workers who still had jobs decreased 2% (while unemployment increased 5.4%; the number on relief increased 33%; the cost of relief almost doubled.) During the first 9 months of 1934 the great industrial corporations increased their profits 76% as against the same period in 1933. The Bureau of Internal Revenue statistics of income for 1933 (the first New Deal year) show that: about 100,000 fewer persons than in 1932 had incomes large enough to be reported; income tax payers with less than \$10,000 had a decrease of 5% in comparison with the previous year; on the other hand, the top 8,000 who had incomes of over \$50,000 had an increase of 10% that year; the top 2,000 an increase of 16%; the number of persons with annual incomes of over \$1,000,000 increased from 20 to 46. Instead of redistribution downward, which is the only way to increase purchasing power, this is redistribution upward which has the opposite effect. It represents the intensification of one of the diseases of our failing economic order.

SECURITY

New Promises. In the second year of his administration the President began to talk about social security for all. (Unemployment was growing and with it uneasiness of those who still had jobs). The message to Congress last June called for (1) Security of the home—a chance for families to live as American families should; (2) Security of livelihood—he talked of subsistence homes where they could at least earn a livelihood;

(3) Social insurance, which is "the minimum of the promise we can offer to the American people—a right which belongs to every individual and every family able to work."

As to Performance. Only small and totally inadequate beginnings have been made in the housing program. (So now the plan is to include low-cost housing in the \$4,000,000,000 work relief program.) The removal of people to subsistence homesteads is not working well; and it offers a low, un-American standard of living. The social insurance proposal was put forward again in November to the National Conference on Economic Security, but less confidently: unemployment insurance was still promised, but to be financed by contributions, not taxes; doubt was expressed whether the time was here for old age legislation or sickness insurance. In the meantime an avalanche of messages to Congress demands some form of security legislation: the Townsend Plan or other panacea; or the Workers' Unemployment Insurance bill. In answer, the administration has now put forward the vague, omnibus Wagner-Lewis Economic Security bill, which in its unemployment insurance features ignores the recommendations of the expert advisers called in to help frame adequate legislation.

THE BANKERS

Words. In his inaugural address (which coincided with the collapse of the banking system) President Roosevelt said, "The rulers of the exchange of mankind's goods have failed . . . have admitted their failure, and have abdicated. . . . Yes, the money changers have fled from their high seats in the temple of our civilization . . . there must be an end to a conduct in banking and in business which too often has given to a sacred trust the likeness of callous and selfish wrongdoing."

Deeds. But the New Deal measures which seemed designed to restrain the money changers in the interest of all have served instead to entrench them. The Securities Exchange Act was supposed to protect investors from the Wall Street gamblers. But the regulation of margins was turned over to the bankers of the Federal Reserve Board. Their handling of them has been in line with Wall Street practice. And Joseph P. Kennedy, himself a manipulator of pools, was given the job of regulating exchanges and suppressing pools. The Farm Credit Administration and the Home Owners Loan Corporation, established to stave off foreclosures of farms and homes, have done that, at least temporarily. The government by those devices has taken over the mortgages. Inasmuch as the mortgages are usually held by the big fiduciary institutions in which the small income classes have their insurance and savings deposits, these are by the same measures at least temporarily secured. But what this means is that the government has underwritten the shaky securities—and thus the power—of the big bankers. Roosevelt has continued the Hoover policy of seeking to save the debt structure by putting government credit behind the failing credit of these big corporations. This has intensified the second disease of our failing economic order—the piling up of a load of debt.

So the Moneychangers Are Back. Finally in his speech to the bankers in October the President, in so many words, turned the financing of business back to the bankers: "Just as it is to be expected that the banks will resume their responsibility and take up the burden that the government has assumed through its credit agencies, so I assume and expect that private business generally will be financed by the great credit resources which the present liquidation of banks makes possible." The bankers have the money; billions lie idle in their banks. And they can and do call the tune. Keynes, the British economist, has pointed out that an intelligent capitalism would consider 2% a fair interest rate. But though for speculation money can be had in Wall Street for 1% per annum, the citizen must still pay 6% when he borrows for his needs. (And even the government, lest it compete with the banks, charges cities 4% for money borrowed for their new housing programs). So industry languishes.

PLANNING

Assumption. All of these measures are said to be part of a plan. The New Deal was launched as such—as against the lack of planning of the preceding administration. Scattered through the addresses are such comments as these: "The separate measures . . . component parts of a fairly definite broad plan." The proclamations "had behind them a clear purpose . . . actually each measure dovetailed into every other measure." "The legislation . . . can properly be considered as part of a well grounded plan." "The unity of the program reveals itself to the nation."

What Kind of Planning? But such planning as there is, is for scarcity. And at that the plans destroy each other. The AAA reduction program raises the price of what workers must buy. The NRA codes through their price fixing and production-control provisions raise the prices of things that the farmers must have. Neither group gets a sufficient increase in purchasing power to do any good. Meantime concentration of ownership and income becomes increasingly greater at the top and the standard of



living and culture for the overwhelming majority of the population is pushed steadily downward. *What then becomes of the promised development toward the social ideals of the churches, for which many of our church leaders in the beginning supported the New Deal? And what is their present duty?*

Sources. President Roosevelt's speeches as reported in his book "On Our Way" and in the *New York Times*; "The Economic Consequences of the New Deal," by Stolberg and Vinton; John T. Flynn's column in the *New Republic* and his article in November *Common Sense*; the current press.

TO OUR MEMBERS

An urgent task confronts us. We must mobilize all our resources to defeat the proposals for repressive legislation that are coming before the present session of Congress. We are facing the biggest drive ever organized in this country for this purpose. Behind it are all the employer groups and so-called patriotic organizations, with the Hearst press and similar journalistic interests leading the publicity and Father Coughlin beginning to join in, and the Army and Navy Departments in the background.

The Proposed Laws. 1. A federal sedition law to punish advocacy of the violent overthrow of government or membership in any organization which teaches such a doctrine. 2. An act excluding from the mails all matter which advocates overthrowing the government by force and violence, assaulting or killing federal officers, or unlawful destruction of property and sabotage. 3. An act penalizing any attempt to incite disaffection or insubordination in the armed forces of the United States. 4. The creation of a special agency in the Department of Justice to investigate subversive activities.

Tactics. Bring pressure on your Congressmen and Senators which they can see represents actual votes. Do this by resolutions from your churches, preachers' meetings, Epworth Leagues and all other organizations that you can reach. Also by letters from people known to Congressmen and Senators to have influence in their community. Send a copy of all resolutions and letters to your local press with a covering letter urging others to do likewise. In communications to your representatives at Washington let them know you expect them to use their influence against the proposed laws on the respective committees having them in charge. Coordinate your activities with the local branch of the American League Against War and Fascism. If we lose in Committee and have to make a drive on Congress itself it will be necessary to initiate or cooperate in mass meetings.

Resolutions should not be uniform. They should summarize the purpose of the proposed laws; point out that they are contrary to the provision of the Constitution and the American tradition; oppose the enactment of any and all laws attempting to penalize mere utterances and creating espionage; condemn all such proposals as a weapon in the hands of the owning class for the further oppression of the workers and poverty-stricken farmers in their struggle for a better life, and as an attempt to introduce Fascist practices by legal means in the United States.

Points for Speakers. (By number of proposed laws above). 1. Every possible contingency is covered by existing law except individual utterances. State sedition laws are always used to attack unpopular minorities and workers engaged in organizing and strike activities, never to jail advocates of violence to maintain the existing order. They enable any militant opposition to that order to be prosecuted as sedition.

2. Existing statutes (Title XII of Wartime Espionage Act still in force) take care of any threat to governmental power by publication. What is now sought is to bar all Communist publications from the mail, then the same thing could be done to other publications attacking capitalism and favoring drastic economic changes, and finally to liberal and labor papers. This was what happened in wartime.

3. The present law covers mutiny and attempted mutiny but not civilians who may address political and economic propaganda to soldiers and sailors. The Espionage Act covers spreading disaffection among the armed forces once war is declared. What is wanted is to stop "communist" and pacifist propaganda among soldiers and sailors now and to prevent any appeal to the national guard in times of strike situations.

4. This proposes revival of a system abolished by Supreme Justice Stone when he was Attorney General. Under Mitchell Palmer and Harry Daugherty federal spies in the labor and radical world had become absolutely lawless. As provocative agents they stirred up the crimes they were supposed to prevent, they became tools of the employers to attack organized labor. The record of secret political police in other lands shows that this always happens.

Two important books on Fascism: "Fascism and Social Revolution," by R. Palme Dutt, International Publishers, \$1.75; "A History of National Socialism," by Konrad Heiden, Knopf, \$4.50.

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